

## Message Text

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ORIGIN COME-00

INFO OCT-01 NEA-10 ISO-00 L-03 EB-08 TRSE-00 OMB-01  
PM-04 NSC-05 SP-02 SS-15 CIAE-00 INR-07 NSAE-00  
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P R 022229Z APR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY DAMASCUS PRIORITY  
INFO USINT BAGHDAD  
AMEMBASSY KUWAIT

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E.O. 11652: N/A

TAGS: EINV, ETRD, SY

SUBJECT: ARAB BOYCOTT: PROBLEM OF U.S. FIRM (SPERRY NEW  
HOLLAND)

1. REPS OF SPERRY NEW HOLLAND, DIVISION OF SPERRY-RAND  
CORP., RECENTLY VISITED COMMERCE TO OUTLINE BOYCOTT PROBLEM  
ENCOUNTERED IN SYRIA WHICH SPREADING TO OTHER COUNTRIES.  
SPERRY NEW HOLLAND IN 1964 BOUGHT BRUSSELS FIRM CLAYSON  
N.V., WHICH PRODUCES AGRICULTURAL COMBINES, AND CLAYSON NOW  
A PART OF SPERRY NEW HOLLAND'S EUROPEAN OPERATIONS.

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2. FIRM HAS BEEN SERVICING MIDDLE EAST MARKET FOR COMBINE  
SALES FROM CLAYSON N.V., WHICH LAST YEAR SOLD 190 COMBINES  
TO SYRIA. EARLY THIS YEAR CLAYSON WAS PREPARING PROVIDE  
SERVICE PARTS FOR THESE COMBINES BUT WAS TOLD BY SYRIAN  
CUSTOMS THAT IT WAS ON THE BLACKLIST BECAUSE OF SOME PROB-  
LEM CONCERNING FORD ENGINES AND SPERRY-RAND AND SPERRY NEW  
HOLLAND ALSO ON LIST. COMPANY REPS EXPLAINED THAT FORD

ENGINES USED IN APPROXIMATELY 10 PERCENT OF CLAYTON COMBINE PRODUCTION IN EUROPE. FIRM REPS STATE, HOWEVER, THAT COMPANY ROUTINELY SUPPLIES ENGINES SPECIFIED BY CUSTOMER. THEY BELIEVE THAT MERCEDES ENGINES USED IN MOST COMBINES SOLD TO MIDDLE EAST. SPERRY NEW HOLLAND HAS NOT HAD BOYCOTT INQUIRY IN LAST 18 MONTHS AND HAS NOT BEEN NOTIFIED BY CENTRAL BOYCOTT OFFICE THAT BOYCOTT ACTION EITHER PENDING OR COMPLETED. ACCORDINGLY, FIRM COULD NOT UNDERSTAND REASON FOR SYRIA'S ACTION, THOUGH IT SUSPECTS EFFORT BY EUROPEAN COMPETITORS TO DAMAGE SPERRY NEW HOLLAND AND CLAYSON SALES PROSPECTS IN THE AREA. IF IN FACT SYRIA HAS BLACKLISTED THE FIRMS FOR USING FORD COMPONENTS (I.E., ENGINES) IN COMBINES, THIS WOULD EXTEND BOYCOTT BEYOND ANY CONSTRUCTION OF BOYCOTT WE HAVE ENCOUNTERED PREVIOUSLY. (AS WE UNDERSTAND BOYCOTT ENFORCEMENT PRACTICES, GOODS CONTAINING A BOYCOTTED COMPANY'S COMPONENTS HAVE BEEN EXCLUDED BUT COMPANY SELLING SUCH GOODS HAS NOT ITSELF BEEN BOYCOTTED.)

3. SPERRY NEW HOLLAND INDICATES PROBLEM ALSO ARISES IN DEALINGS WITH KUWAIT AND IRAQ. KUWAIT PRESS REPORT IN FEBRUARY STATED THAT PURCHASES COULD NOT BE MADE FROM CLAYSON, SPERRY-RAND, OR SPERRY NEW HOLLAND, SINCE FIRMS ON BLACKLIST BECAUSE OF A PROBLEM INVOLVING COMBINES. SUBSEQUENTLY, FIRM SOUGHT TO BID ON IRAQI TENDER FOR 500 COMBINES AND WAS TOLD IT WAS INELIGIBLE BECAUSE OF BOYCOTT PROBLEM WITH SYRIA.

4. FIRM HAS SOUGHT USG HELP IN ORDER TO PURSUE COMBINE LIMITED OFFICIAL USE

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SALES IN MIDDLE EAST. COMMERCE SUGGESTED THAT BEST APPROACH WOULD BE TRIP TO SYRIA TO DISCUSS PROBLEM WITH MINISTER OF ECONOMY. FIRM IS CONSIDERING VISIT DURING WEEK OF APRIL 18-25.

5. REQUEST EMBASSY DAMASCUS SEEK TO DETERMINE WHY SPERRY NEW HOLLAND IS BEING PREVENTED BY SYRIAN CUSTOMS FROM SHIPPING SERVICE PARTS/CARRYING ON NORMAL EXPORT TRANSACTIONS WITH SYRIA. ANY INFORMATION AVAILABLE TO BAGHDAD OR KUWAIT RE SPERRY NEW HOLLAND PROBLEM ALSO WILL BE APPRECIATED.

6. WE INTEND TO ENCOURAGE SPERRY NEW HOLLAND REPS TO SEEK TO WORK OUT THEIR PROBLEMS DIRECTLY WITH COUNTRIES CONCERNED. IN THIS REGARD, WE WOULD WELCOME ADVICE POSTS MAY HAVE RE APPROPRIATE CONTACTS FOR FIRMS IN RESPECTIVE GOVERNMENTS.

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BOYCOTTS, BUSINESS FIRMS  
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